

## Fiscal Information

# What is a fiscal impact?

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Taxes and fees generated from the Project  
MINUS  
On-going annual cost to service the Project  
EQUALS  
Fiscal surplus or deficit

**\*\*Fiscal impact analysis deals with on-going  
O&M cost only, NOT capital costs**

# Key Components of General Fund Revenues & Expenditures

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- GF Revenues= taxes and fees (property tax, sales tax, utility tax, franchise fee, etc.)
- GF Expenditures = on-going service costs (fire, police, transportation, parks, library, etc.)

# Purpose of the Study

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- Determine if taxes generated by Coyote Valley development equal or exceed cost of municipal services
- Identify requirements for fiscal self sufficiency on on-going basis
- Assess fiscal implications of jobs-to-housing concurrency scenarios
- NOT a citywide budget forecast

# Fiscal Dynamics of New Development

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- Requires mostly new public facilities and service units
- Less ability to utilize existing service capacities
- May have different service levels than established areas of City
- Services go early, tax base grows over time
- Ability to create strong tax base with all new development, active markets, higher densities, mixed-use
- Opportunity to implement supplementary financing measures

# Concurrency Scenarios

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1. **Strict concurrency**: 2:1 jobs/housing from day one
2. **Phased concurrency**: up to 5,000 units, then no additional units until 10,000 jobs
3. **Trigger**: 5,000 jobs first, then market-based development
4. **Placemaking**: market-based development until major infrastructure in place, then 2:1 jobs/housing
5. **Employment jumpstart**: 3,000 jobs for 3,000 units; units cap at 10,000 until 15,000 jobs

# Summary of Project Description

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- 26,500 Housing Units
- 15.7 million SqFt of Workspace
- 1.6 million SqFt of Retail
- 71,600 residents
- 51,900 non-retail jobs
- 4,400 retail jobs
- 322 park acres (including trails)
- 53-acre lake

# Overall Approach & Methodology

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- Consider innovative service delivery models
  - Shared facilities, co-location, private contracts
- Case study approach
  - Department interviews
  - Project-specific values, absorption, etc.
- Average estimates
- Dynamic time-series model (Yrs 1 - 58)



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## Service Delivery Models and Cost Assumptions

# Overall Cost Assumptions

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- Historical rate of growth in costs
- Service levels at or above current citywide averages
- No private funding assumed

# Fire Department

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- Buildout service level
  - 63 fire fighters
  - 2 fire stations (each w/ an engine & truck)
- Timing of service
  - First station when population > 10% of buildout level
  - Second station when population > 36,000
- Major cost item: \$120,000 per fire fighter
- Buildout cost: \$14.6 million/year\*

\*In constant 2006 dollars, with 1% real appreciation

# Police Department

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- Buildout service level
  - 60 officers
  - A community police center
- Timing of service
  - 9 officers providing a 24-hour shift from “day one”
  - Increase in officer demand proportional to population growth
- Major cost item: \$125,000 per officer
- Buildout cost: \$14.8 million/year\*

\*In constant 2006 dollars, with 1% real appreciation

# Transportation Department

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- Buildout service level
  - 86 miles of roads and related infrastructure
- Timing of service
  - Dictated by pace of development
- Major cost items: maintenance of pavements, lights, street trees, landscaping, sewer, storm, bioswale, markings, etc.
- Buildout cost: \$13.5 million/year\*

\*In constant 2006 dollars, with 1% real appreciation

# Library Department

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- Buildout service level
  - 22 FTEs
  - 30,000 to 35,000 SqFt library
- Timing of service
  - Built when population > 10,000
  - Occupied incrementally based on population growth
- Major cost items: \$72,000/FTE
- Buildout cost: \$4 million/year\*

\*In constant 2006 dollars, with 1% real appreciation

# PRNS Department

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- Buildout service level
  - 322 park acres (inc. approximately 40 miles of trails)
  - 60,000 SqFt community center w/ aquatic facility
- Timing of service
  - Park acres dictated by pace of development
  - Community center when population > 15% of buildout level
  - Aquatic facility when population > 25% of buildout level
- Major cost items: park O&M (\$15K/acre) and community center O&M
- Buildout cost: \$15.8 million/year\*

\*In constant 2006 dollars, with 1% real appreciation

# Lake Maintenance

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- Buildout service level
  - 53-acre lake maintenance
- Timing
  - Lake built within first 7 years for all scenarios
- Cost
  - Buildout cost of \$2.2 million/year\*

\*In constant 2006 dollars, with 1% real appreciation



# Other General Fund Costs

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- Cost based on citywide average
  - General Government
  - General Services
  - Planning

# General Fund Expenditures Over time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
General Government	\$1,540,961	\$12,298	\$179,577	\$647,448	\$1,053,365	\$1,208,413	\$1,384,374
Fire	\$14,663,336	\$0	\$4,547,543	\$10,046,634	\$11,097,734	\$12,258,803	\$13,541,345
Police	\$14,828,134	\$1,287,747	\$1,790,197	\$7,002,483	\$11,222,459	\$12,396,577	\$13,693,533
General Service	\$2,266,744	\$18,091	\$264,157	\$952,391	\$1,549,494	\$1,777,568	\$2,036,405
Transportation	\$13,514,320	\$0	\$2,495,739	\$7,283,067	\$10,228,118	\$11,298,206	\$12,480,248
Library	\$4,002,618	\$0	\$547,061	\$1,476,937	\$3,029,324	\$3,346,258	\$3,696,351
Park, Recreation & Neighborhood Services	\$15,815,882	\$0	\$2,204,118	\$9,593,132	\$11,185,315	\$12,788,949	\$14,366,329
Planning, Building & Code Enforcement	\$758,279	\$6,052	\$88,367	\$318,597	\$518,342	\$594,638	\$681,225
Lake Maintenance	<u>\$2,152,245</u>	<u>\$0</u>	<u>\$1,334,952</u>	<u>\$1,474,618</u>	<u>\$1,628,895</u>	<u>\$1,799,314</u>	<u>\$1,987,562</u>
<b>General Fund Expenditures</b>	<b>\$69,542,519</b>	<b>\$1,324,188</b>	<b>\$13,451,714</b>	<b>\$38,795,307</b>	<b>\$51,513,048</b>	<b>\$57,468,726</b>	<b>\$63,867,371</b>

Sources: City of San Jose; Economic & Planning Systems, Inc.

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## Revenue Assumptions

# Overall Assumptions

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- Long-term historical rate of growth in residential property value
- No real growth assumed for non-residential properties
- No real growth assumed for income or energy
- Affordable housing (working assumptions)
  - 1,000 for-sale
  - 4,000 rental (tax exempt)

# Property Tax

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- Key assumptions:
  - 1% of total assessed value
  - 11% allocation to the City
  - Property value based on EPS market study
  - Unsecured property tax based on current revenue/job
- Buildout revenue: up to \$81 million/year

# Sales tax

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- Key assumptions
  - Household income based on housing price
  - Retail spending based on household & office worker spending pattern surveys
  - Typical retail sales volume/SqFt
  - Business to business sale based on Edenvale area average
- Buildout revenue: \$5.9 million/year

# Other taxes/fees

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- Property tax in-lieu of VLF:
  - Based on percentage of growth in the City AV
  - Buildout revenue up to \$36 million/year
- Utility tax
  - Based on citywide average
  - Buildout revenue of \$5.9 million/year
- Franchise Fee
  - Based on citywide average
  - Buildout revenue of \$2.9 million/year

# Other General Fund Revenues

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- Business tax
- Fines, forfeitures and penalties
- Motor vehicle license fee
- Gas tax transfer
- Construction and conveyance tax transfer (park O&M use)
- Library parcel tax for O&M use (sunset 2014)



# General Fund Revenues Over Time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
Property Tax	\$75,793,266	\$483,047	\$5,575,480	\$22,587,709	\$39,516,490	\$50,049,024	\$63,100,197
Property Tax In-lieu of VLF	\$33,378,557	\$166,932	\$2,395,110	\$9,919,316	\$17,409,163	\$22,021,622	\$27,766,934
Sales Tax	\$5,858,186	\$65,228	\$931,156	\$3,223,137	\$5,185,315	\$5,428,738	\$5,672,161
Franchise Fees	\$2,868,693	\$38,794	\$538,977	\$1,759,176	\$2,591,015	\$2,690,869	\$2,790,723
Utility Users Tax	\$5,873,124	\$79,424	\$1,103,456	\$3,601,590	\$5,304,629	\$5,509,062	\$5,713,495
Business Tax	\$1,265,824	\$78,375	\$188,574	\$438,575	\$690,070	\$897,114	\$1,104,157
Fines, Forfeitures, and Penalties	\$87,091	\$0	\$17,171	\$59,582	\$87,091	\$87,091	\$87,091
Motor Vehicle License Fee	\$425,293	\$0	\$83,852	\$290,959	\$425,293	\$425,293	\$425,293
Gas Tax Transfer	\$1,183,088	\$0	\$233,260	\$809,394	\$1,183,088	\$1,183,088	\$1,183,088
Construction & Conveyance Tax Transfer	\$2,097,581	\$27,753	\$481,623	\$979,151	\$1,103,048	\$1,389,424	\$1,749,194
Library Parcel Tax for O&M Use	\$0	\$208	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$128,830,703</b>	<b>\$939,761</b>	<b>\$11,548,658</b>	<b>\$43,668,590</b>	<b>\$73,495,204</b>	<b>\$89,681,325</b>	<b>\$109,592,334</b>

Sources: City of San Jose; Economic & Planning Systems, Inc.

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## Summary of Results

# Fiscal Impact

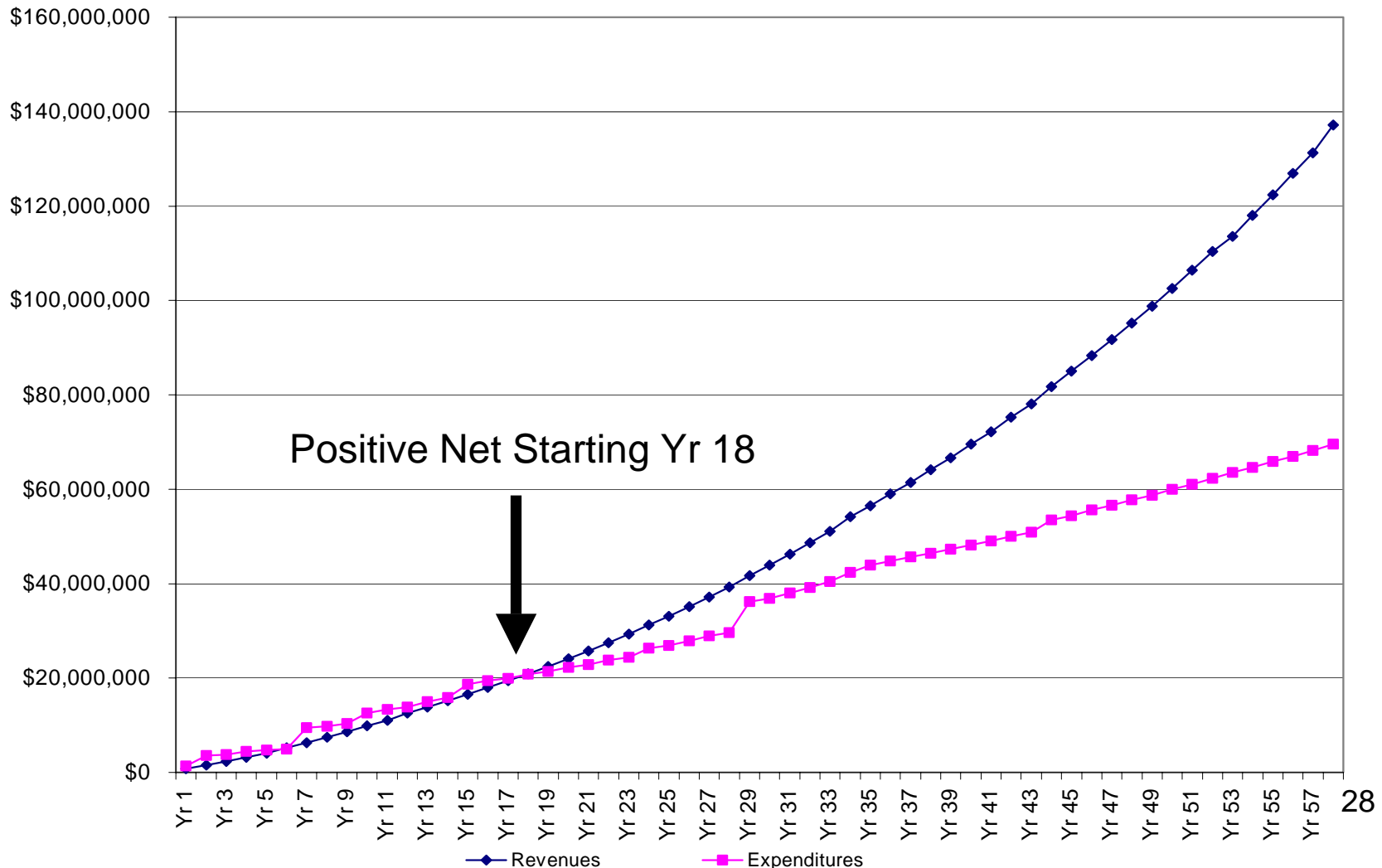
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- Fiscal surplus of \$57 to \$68 million by buildout
- Fiscal deficit expected in the early years
  - 10 to 17 years
- Potential supplementary financing measures:
  - Landscape and Lighting Districts
  - Other Maintenance Districts
  - Mello-Roos CFDs
  - Homeowner Association Fees
  - Developer endowment

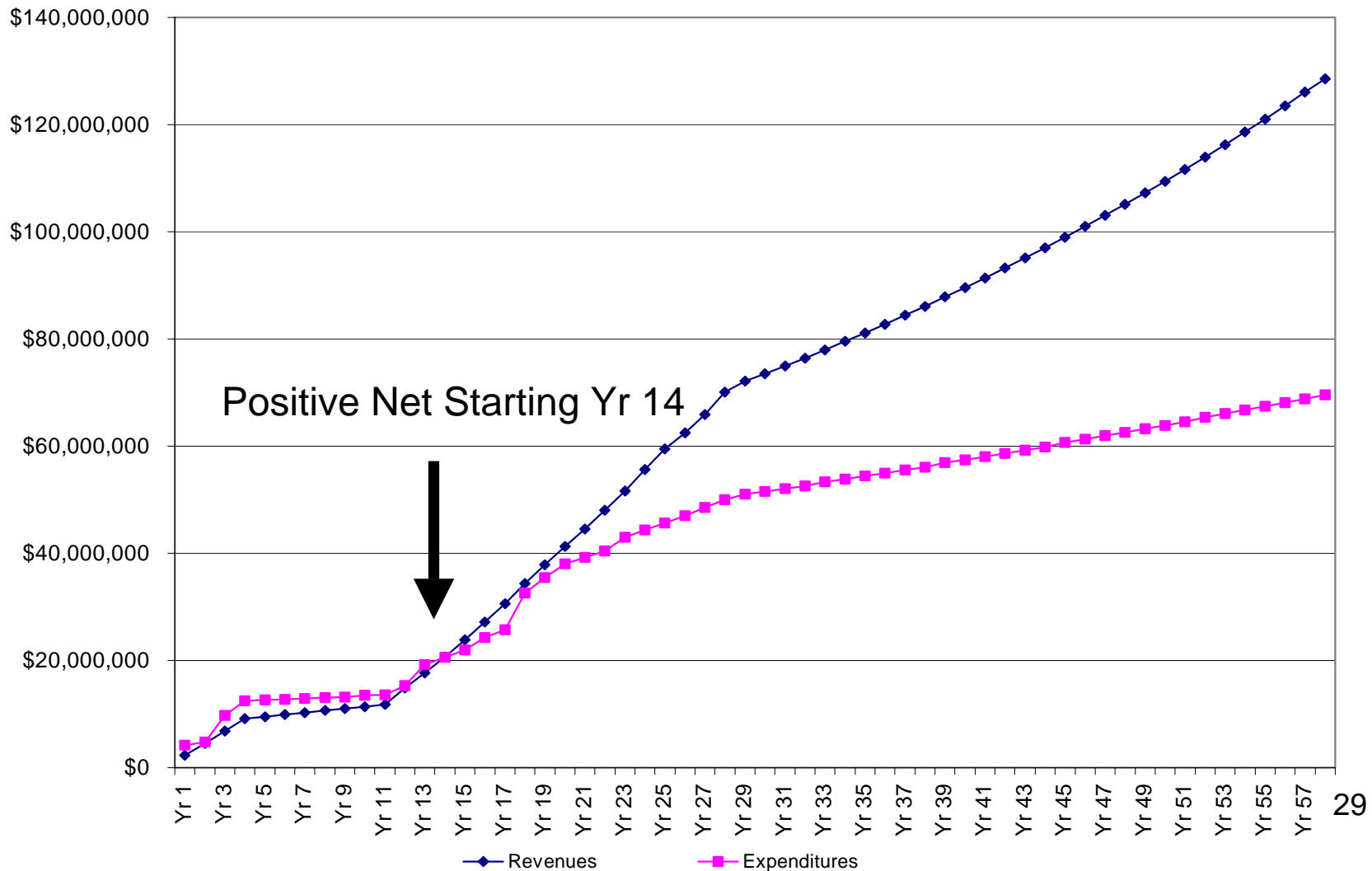
# Fiscal Impact Summary Over Time (Years 1 to 30)

	Buildout	Year 5	Year 10	Year 15	Year 20	Year 30
<b>Scenario I: Strict concurrency</b>						
Revenues	\$137,156,807	\$4,059,574	\$9,842,529	\$16,547,067	\$24,073,866	\$43,961,531
Expenditures	\$69,542,519	<u>\$4,736,789</u>	<u>\$12,572,026</u>	<u>\$18,648,016</u>	<u>\$22,278,820</u>	<u>\$36,890,243</u>
Net	\$67,614,288	(\$677,214)	(\$2,729,497)	(\$2,100,949)	\$1,795,046	\$7,071,288
<b>Scenario II: Phased concurrency</b>						
Revenues	\$128,588,221	\$9,526,780	\$11,407,701	\$23,861,566	\$41,284,123	\$73,477,145
Expenditures	\$69,542,519	<u>\$12,636,459</u>	<u>\$13,483,582</u>	<u>\$21,992,263</u>	<u>\$38,003,058</u>	<u>\$51,515,925</u>
Net	\$59,045,702	(\$3,109,679)	(\$2,075,881)	\$1,869,303	\$3,281,065	\$21,961,220
<b>Scenario III: Trigger</b>						
Revenues	\$128,830,703	\$939,761	\$11,548,658	\$26,534,570	\$43,668,590	\$73,495,204
Expenditures	\$69,542,519	<u>\$1,324,188</u>	<u>\$13,451,714</u>	<u>\$23,990,077</u>	<u>\$38,795,307</u>	<u>\$51,513,048</u>
Net	\$59,288,184	(\$384,427)	(\$1,903,056)	\$2,544,493	\$4,873,283	\$21,982,156
<b>Scenario IV: Placemaking</b>						
Revenues	\$130,273,589	\$11,805,461	\$19,238,944	\$26,724,281	\$35,620,087	\$56,570,361
Expenditures	\$69,542,519	<u>\$13,371,764</u>	<u>\$20,432,882</u>	<u>\$24,622,078</u>	<u>\$33,325,198</u>	<u>\$43,984,205</u>
Net	\$60,731,069	(\$1,566,303)	(\$1,193,937)	\$2,102,203	\$2,294,889	\$12,586,156
<b>Scenario V: Employment jumpstart</b>						
Revenues	\$125,662,544	\$12,092,724	\$20,718,011	\$23,481,522	\$38,670,946	\$73,550,907
Expenditures	\$68,853,979	<u>\$13,382,553</u>	<u>\$20,912,151</u>	<u>\$22,030,347</u>	<u>\$35,904,887</u>	<u>\$51,725,072</u>
Net	\$56,808,564	(\$1,289,829)	(\$194,140)	\$1,451,175	\$2,766,058	\$21,825,836

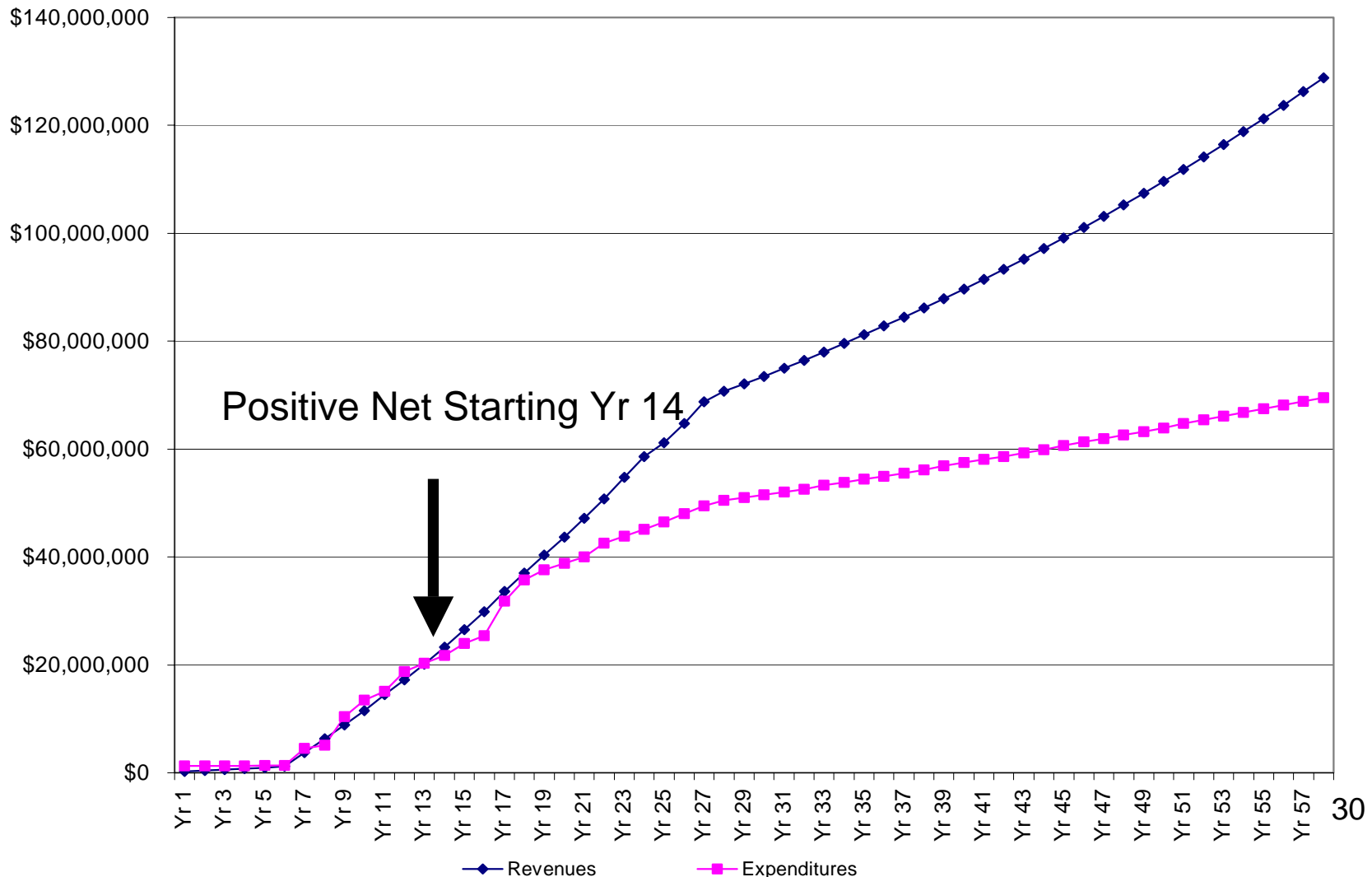
# GF Revenues vs. Expenditures (Scenario I: Strict Concurrency)



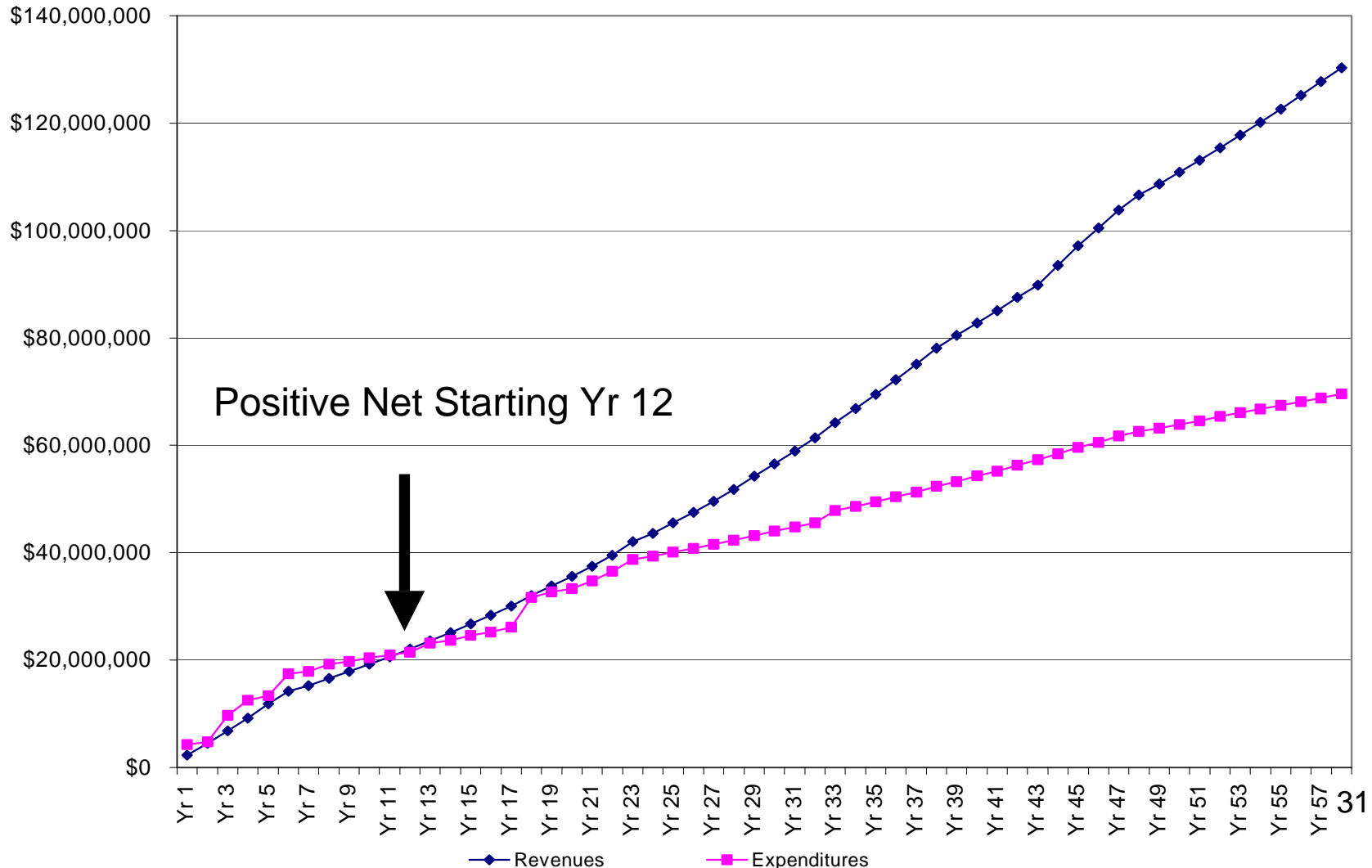
# GF Revenues vs. Expenditures (Scenario 2: Phased Concurrency)



# GF Revenues vs. Expenditures (Scenario 3: Trigger)

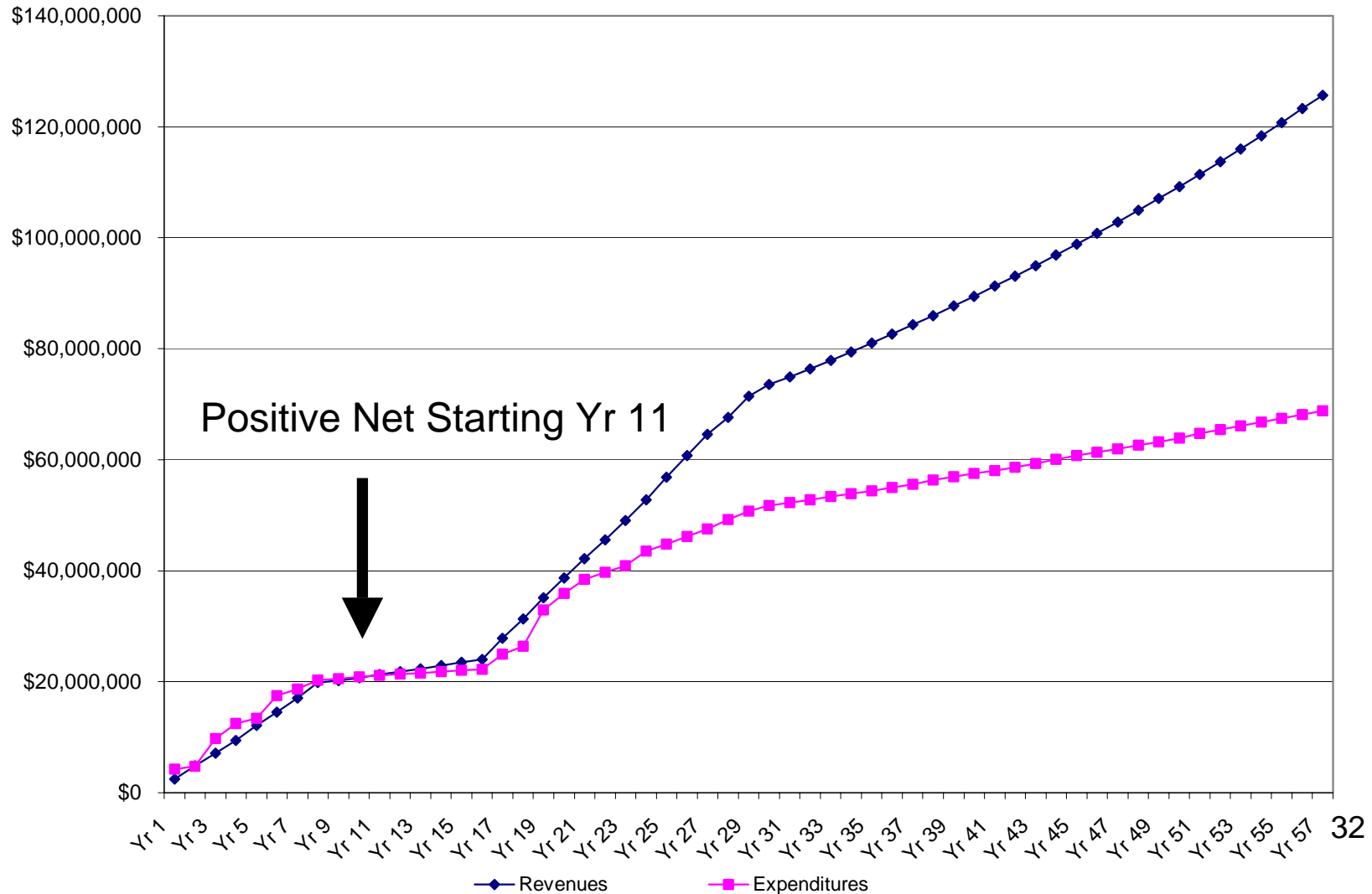


# GF Revenues vs. Expenditures (Scenario 4: Placemaking)

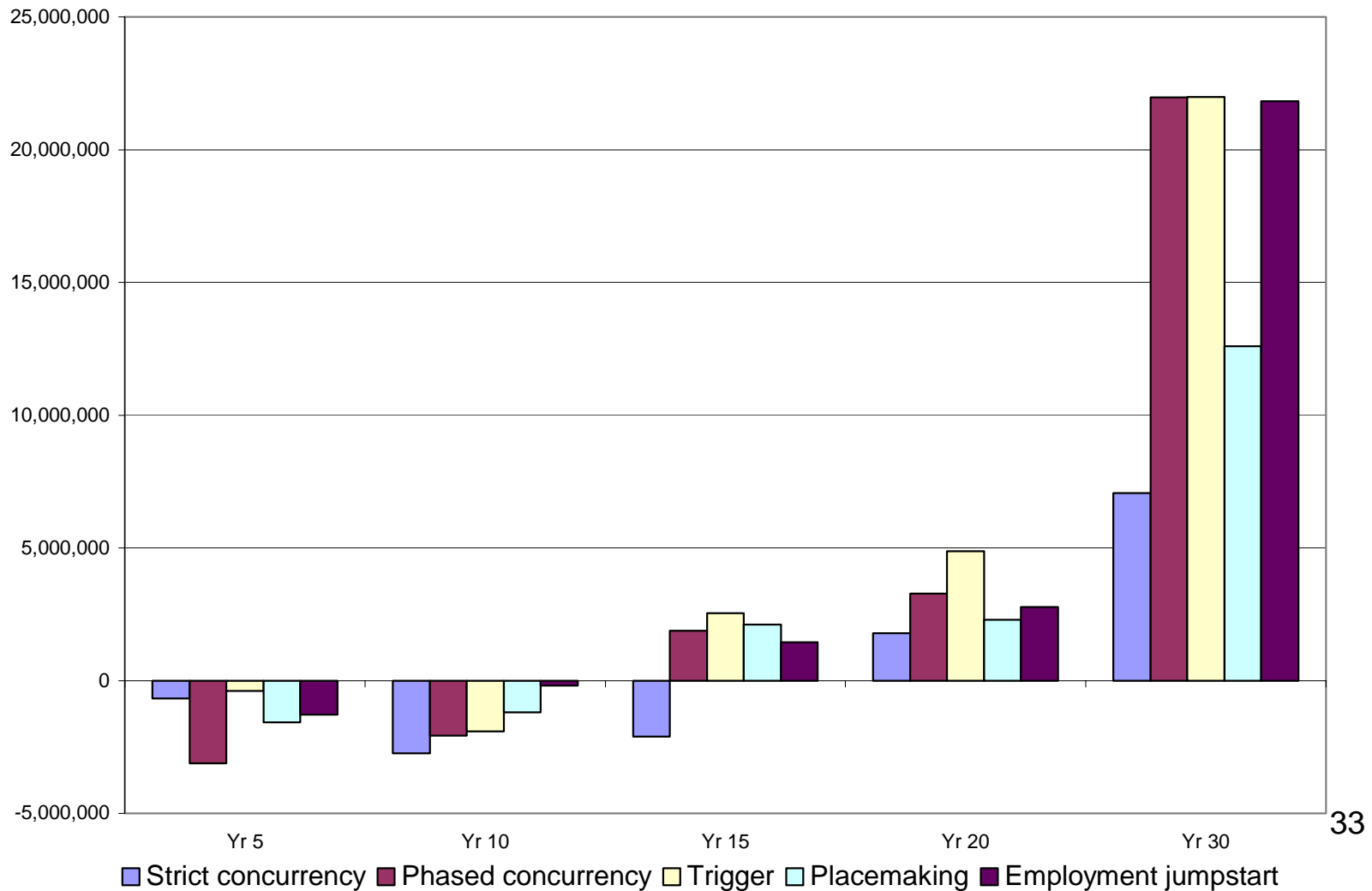




# GF Revenues vs. Expenditures (Scenario 5: Employment Jumpstart)



# Net Fiscal Balance by Concurrency Scenario (Years 1 to 30)



## Next Steps